



County of San Diego

May 2008

20 Questions & Answers about the Transportation Impact Fee (TIF) Program

- Q1. What is the Transportation Impact Fee (TIF) Program?
- A1. The purpose of the Transportation Impact Fee (TIF) program is to provide funding for construction of transportation facilities needed to support traffic generated by new development to meet State law requirements. Per Board of Supervisors ordinance, effective June 19th, 2005 and updated April 27, 2008, the Department of Public Works is required to collect a TIF at or before the building permit issuance for projects that generate traffic.
- Q2. How can I find information about the Transportation Impact Fee or view the Transportation Impact Fee Reports
- A2. You can find a wide range of TIF information including the TIF reports forming the basis of the TIF program online at <http://www.sdcountry.ca.gov/dpw/land/tif2008.html> This web site includes the latest TIF ordinance, TIF rate charts for various types of development, instructions on how to compute TIF payments in a Director's Letter of Instruction, and a report on how much TIF has been collected, an annual report on how much TIF has been spent, and a spending plan for upcoming TIF expenditures. The web site also includes a prior version of the TIF ordinance. TIF information may also be found at the DPW Land Development Counter at 5201 Ruffin Rd, Suite D. For other questions and TIF related information, please call the Department of Public Works Land Development Counter at (858) 694-2055.
- Q3. What kinds of development, or land uses, will be charged these impact fees?
- A3. All new development that generates traffic will be required to pay these fees. This includes but is not limited to residential, commercial, industrial, storage & warehousing, offices, and schools.
- Q4. I am a fire victim; do I have to pay this fee to rebuild my home?
- A4. No. The TIF program specifically excludes fire victims.
- Q5. If I add a bedroom or other addition to my existing home, will I have to pay the impact fee?
- A5. No. The fee will not apply to alterations such as this, as long as it does not change the occupancy classification as defined by the building code. For example, as long as your alteration does not change the classification from Single Family Residential to Multi-Family Residential, you would not be charged this fee.

- Q6. If I own an existing legal lot, but have not built on it yet, will I need to pay the TIF fee?
- A6. Yes. If you are building a home or any facility that is going to generate traffic, then you will be charged the fee. The only exception would be if the subdivision of land that created your lot prepared a cumulative traffic study to specifically identify impacts and then fully mitigated that portion of the impacts by building road improvements. The program has provisions to allow adjustment of the fee or exemption under such very rare circumstances.
- Q7. When and how will I actually have to pay the impact fees?
- A7. Fees will typically be collected at building permit issuance. The TIF fee may be collected sooner if desired by the developer, but if the TIF is adjusted prior to building permit issuance, then if the fee increases, the additional amount due would need to be paid before the building permit is issued. Conversely, if the fee were reduced after early payment, then a refund would be due to the developer at time of building permit issuance. For discretionary projects that generate traffic but do not require a building permit such as some Use Permits, the TIF payment will be required prior to issuance of the permit.
- Q8. When looking at the impact fee structure, there are different rates for different areas of the County. How can I find out which fee-area my property is in?
- A8. The TIF fee is composed of three portions: regional, freeway ramp, and a local portion. The unincorporated county has been divided into three regions (North, South, East) for the regional portion of the fee and for the freeway ramp portion of the fee, and then further divided into 23 community areas for the local portion of the fee. The regions and communities may be viewed on page 27 of 147 in the TIF report titled TIF Program Update January 2008 on the DPW TIF web site shown in question 2 above. The TIF areas are also available at the DPW Land Development Division at 5201 Ruffin Rd, Suite D.
- Q9. How will the impact fee money be accounted for, and who will be responsible for managing it?
- A9. Fees collected in a local planning area stay in that planning area. The fees for each community plan area will be kept in separate accounts for use on roads only in the community plan area or the Regional area the community is in. DPW will manage these accounts much like the developer deposit accounts for roadway improvements are currently managed. Updated monthly reports on the amount of TIF fees collected, an annual report on TIF expenditures, and an expenditure plan for planned TIF expenses can be found on the DPW TIF web site.

- Q10. What about roads with existing problems or deficiencies. Will these impact fees be used to fix those existing problems?
- A10. No. The TIF fees can only be used to fund road improvements, or portions of road improvements, that are needed to accommodate future development. Funding to correct existing deficiencies must come from non-developer sources such as TransNet, Gas Tax, grants, or other sources.
- Q11. What kinds of improvements are included?
- A11. The program includes widening of existing state and local road segments, widening and improvement of intersections, construction of new road connections and roundabouts. However, each of these listed improvements is only a possible project at this time and is used only for fee calculation. At the time of actual construction, each project must go through preliminary design and full CEQA including consideration of alternative improvements that would provide the same (or better) network improvement as those on the list. The program has been crafted to allow implementation of the best improvement at the time the construction project is being designed.
- Q12. Won't the County have to wait a long time until all funds are received to build the ultimate improvements?
- A12. No. The program includes authorization to build interim improvements as money is received, and this ability allows the County to provide incremental progress and measurable benefits such as increased capacity or traffic flow earlier in the program.
- Q13. It seems these impact fees will be used to build more roads, which will encourage more development to come in. Isn't this really just a growth-inducing program?
- A13. Roads included in the TIF are only those that are needed to support the County's General Plan. The General Plan is the appropriate tool to regulate growth; this fee program is used to implement the road network identified in that governing document.
- Q14. How will the County go about actually building the transportation improvement projects and how long will it take?
- A14. Annually the Department of Public Works will prepare a Detailed Work Plan that includes impact fee funded projects. This plan will be approved by the Board of Supervisors as part of the County budget process. This plan includes a schedule for construction of each improvement. The proposed TIF Expenditure Plan showing projects to be funded with TIF in the Detailed Work Plan is posted on the DPW TIF web site.

Q15. How will this fee affect the price of a new home in the County?

A15. It depends on the specific lot. Small developments could see the cost of preparing a cumulative traffic study (\$20,000 - \$30,000) significantly reduced and the time for completing review of traffic impacts significantly shortened; these savings will offset the impact fee in some cases. While all projects must currently mitigate their cumulative traffic impacts, some projects have waited for others to improve roads then proceeded with little or no contribution toward future roads. In these cases the new home cost in the development that paid for the entire road improvement will decrease and the cost of the new home in the development that avoided constructing the road will increase as they will now be required to pay their fair-share under the fee. There will be an increase for any homes that previously used "over-riding findings" in the CEQA process to avoid high cost road improvements, but which now will be required to pay a share of the future improvements. Worst case- even with no offsetting savings the highest of the impact fees should not exceed about 1.5 % of median home costs and the average impact fee is less than 1 % of median home costs.

Q16. Why doesn't this program include improvements to the Interstate system like 1-15, 1-8, or 1-5?

A16. The existing congestion of interstates is a regional and multi-regional issue and requires a multi-regional solution. County interstates carry commuter traffic from Los Angeles, Riverside, Orange, and Imperial Counties as well as traffic from Mexico. It would not be appropriate for the County program to place the burden for correcting these problems solely on developers in the unincorporated area. Instead the County will continue participation in regional traffic solutions through direct improvements to the State Highways and Regional Arterial System, support for federal grants, and provision of the extended TransNet.

Q17. If a development builds roads how do they get credit against the TIF?

A17. Under the TIF ordinance update that went into effect on April 27, 2008, only residential projects are eligible for TIF credit for roadway improvements. Non-residential projects (commercial, industrial, office) are no longer eligible for TIF credit; however, non-residential projects did receive a significant rate reduction in the April 27, 2008 ordinance update. There are two mechanisms included in the TIF program to address the credit issue for residential projects: one involves credit and the other involves reimbursement; but both require that the constructed roads are TIF roadway facilities that the fee program intended to eventually build. The list of the TIF roadway facilities included in the TIF fee program can be found in Appendix C, TIF Improvement Facilities, located in the report titled TIF Program Update January 2008 which can be found on the DPW TIF web site. The credit provision would allow reduction of impact fees for the residential development equal to the cost of constructing a qualified road improvement. The reimbursement provision allows the County to enter into an agreement whereby qualified construction costs can be repaid.

Q18. Will this fee fully mitigate my project's cumulative impacts?

A18. In most cases, Yes. The adopted engineer's reports and traffic projections will allow many projects to use the projection method of analyzing cumulative impacts as provided in section 15130(b)(B) of CEQA guidelines. The fee will then offer most projects the mechanism to mitigate their share of a cumulative impact. The County will then use impact fees to fund construction of the development portion of needed road improvements, and Gas Tax, TransNet, or other moneys to fund the portion needed to fix existing deficiencies. However, there will be some projects that increase density (such as a rezone, General Plan Amendment, or Specific Plan) where the adopted projections do not adequately analyze their cumulative impact and the developer must augment with additional study to meet the CEQA requirements. There will be some projects that have both a cumulative and a direct impact; these projects will need to build the road improvements to insure the mitigation is in-place prior to their impact. In these cases, for residential projects, if the improvements they make are also listed as Impact Fee road enhancements, those projects may be eligible for reimbursement or credit as discussed above. For non-residential projects (e.g. commercial, industrial, & office), these types of projects are not eligible for credits and must pay TIF in addition to making direct impact improvements.

Q19. Will the amount of this fee change over time?

A19. Yes. The Board of supervisors has the continuing ability to adjust this fee as provided in the State code. In addition, the amount of the impact fees are indexed to the current construction costs as reported in the publication "Engineering News Record". Also, the TransNet Extension Ordinance requires the fee to increase a minimum of 2 % annually. The TIF ordinance handles these annual increases by requiring the fee to be adjusted on January 1st of each year with an increase of either 2 % or by the Engineering News Record Index, whichever is more. This indexing protects the ability to actually construct the required improvements in the future.

Q20. I understand the recent voter-approved TransNet reauthorization (Proposition A) includes a requirement for governmental agencies to collect a \$2,000 fee per unit from all new residential development. Will the County be charging this \$2,000 fee in addition to the proposed County impact fees?

A20. No. The County's proposed TIF fees will also satisfy the new TransNet requirement. There will be no additional fees necessary to comply with TransNet.